



MAILING ADDRESS:
4001 MAIN STREET
VANCOUVER, WA 98663

CORPORATE HEADQUARTERS: 4001 MAIN STREET, VANCOUVER, WA 98663 / 360-906-7100 / 360-906-7225 FAX
CORPORATE OPERATIONS: 4317 NE THURSTON WAY, VANCOUVER, WA 98662 / 360-254-4700 / 360-260-2075 FAX

October 27, 1998

VIA OVERNIGHT DELIVERY

Ms. Magalie Roman-Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

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**Re: GST Telecom Inc.'s Reply Comments in Opposition to US WEST
Communications, Inc.'s Petition for Forbearance in CC Docket No.
98-157**

Enclosed please find an original and five copies of GST Telecom Inc.'s reply comments in the above-captioned matter.

Please date stamp and return the additional fifth copy in the postage prepaid envelope. Copies will be delivered under separate cover to the Commission's copy contractor and the Competitive Pricing Division. Should you have any questions concerning this filing, please direct them to the undersigned at 360-356-7104.

Sincerely,

Barry Pineles
Regulatory Counsel for GST Telecom Inc.

Enclosures

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

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In the Matter of)
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Petition of US WEST Communications, Inc.) CC Docket No. 98-157
for Forbearance from Regulation as a)
Dominant Carrier in the Phoenix, Arizona)
MSA)
_____)

Reply Comments of GST Telecom Inc.
in Opposition to the Petition for Forbearance

Barry Pineles
Regulatory Counsel
GST Telecom Inc.
4001 Main Street
Vancouver, WA 98663
tel: 360-356-7104
fax: 360-356-7165
e-mail: bpineles@gstworld.net

October 28, 1998

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

In the Matter of)	
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Reply Comments of GST Telecom Inc.
in Opposition to the Petition for Forbearance

On August 24, 1998, US WEST Communications, Inc. ("US WEST") filed a petition for forbearance from regulation pursuant to § 10 of the Communications Act of 1934.¹ Specifically, the petition requested that the Federal Communications Commission ("FCC") determine that US WEST is a non-dominant carrier for high capacity telecommunication services in the Phoenix, Arizona Metropolitan Statistical Area ("Phoenix MSA"). A grant of the petition would result in US WEST no longer being subject to price cap regulation, geographic rate averaging, mandatory tariff filings, 15-day notification for tariff filings with cost support, and any other rule applicable to US WEST but not its competitors in the Phoenix MSA.²

¹ 47 U.S.C. § 160. Section 10 was added to the Communications Act by the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56.

² Petition of US WEST Communications, Inc. for Forbearance from Regulation as a Dominant Carrier in the Phoenix, Arizona MSA 35 (Filed Aug. 24, 1998) ("US WEST Petition").

GST Telecom Inc. ("GST") filed comments in opposition to US WEST's Petition on October 7 in which it demonstrated that US WEST was the dominant carrier for high capacity services in the Phoenix MSA. As a result of this market power, GST concluded that the FCC should not grant the forbearance petition because it failed to meet any of the three statutory conditions for forbearance.

In addition to GST, 11 other parties filed comments in this proceeding. The competitors or purchasers of US WEST high capacity service concurred with GST's conclusions that US WEST was the dominant provider of service in the Phoenix MSA.³ In addition, a number of the commenters noted that US WEST already has sufficient flexibility to match competitors' rates but has chosen not to avail itself of that option.⁴ All of the competitors and purchasers of US WEST service were consentient that the FCC should not grant the forbearance petition.⁵

Nothing filed in support of US WEST's petition contravenes the filings made by the opponents.⁶ Supporters of US WEST's petition do not even attempt to make a sound case for forbearance. Instead, they simply reiterate US WEST's conclusion that it does not have market power for some amorphously defined "high capacity" market. For example, GTE notes "CAPs

³ Sprint Comments at 5-11; CompTel Comments at 3-6; Qwest Comments at 2-6; MCI WorldCom Comments at 21.

⁴ Sprint Comments at 11-12; MCI WorldCom Comments at 26; AT&T Comments at 14; Qwest Comments at 13.

⁵ Qwest Comments at 16; AT&T Comments at 15; Sprint Comments at 4; TSR Wireless Comments at 4-6; CompTel Comments at 10; MCI WorldCom Comments at 28.

⁶ Pleadings in support of the US WEST Petition were filed by USTA, Ameritech, GTE, SBC, and BellSouth.

are gaining a customer base at the expense of ILECs.”⁷ Since US WEST admitted in its petition that it held 100% of the market for high capacity services prior to the mid-1990s, then it is tautological that US WEST will lose market share once a competitor enters the market. Otherwise, the competitor would be ineffective and exit the market thereby allowing US WEST to retain its 100% market share. They then go on to request that the FCC not only grant US WEST’s petition but also declare that the market for high capacity services across the country should be declared competitive, the incumbent local exchange carriers (“ILECs”) should be considered nondominant for the provision of high capacity services, and the FCC should forbear from regulating ILEC provision of high capacity services.⁸

The FCC should reject the calls of US WEST’s supporters to expand this proceeding. The record demonstrates beyond cavil that US WEST retains substantial market power in the Phoenix MSA. Evidence concerning US WEST’s or any other carrier’s market power for high capacity services in any other region of the country simply dehors the record in this proceeding.⁹

The record demonstrates that continued regulation of US WEST is necessary to ensure that its rates are just, reasonable, and nondiscriminatory, that enforcement is necessary to

⁷ GTE Comments at 4.

⁸ USTA Comments at 4; GTE Comments at 3-5; SBC Comments at 2-3; BellSouth Comments at 3 n.4; Ameritech Comments at 2-3.

⁹ Cf. Sprint Comments at 4 (recommending that FCC institute consider issues raised in US WEST Petition in a broader proceeding).

protect consumers, that forbearance will not be in the public interest, and that forbearance will not promote competition. Therefore, the FCC must deny the US WEST petition.

Respectfully submitted,

A handwritten signature in cursive script, reading "Barry Pineles", written over a horizontal line.

Barry Pineles
Regulatory Counsel
GST Telecom Inc.
4001 Main Street
Vancouver, WA 98663
tel: 360-356-7104
fax: 360-356-7165

Certificate of Service

I, Barry Pineles, Regulatory Counsel for GST Telecom, Inc. have caused to be mailed on this 27th day of October, postage prepaid, a true and correct copy of this Reply Comments in Opposition to the Petition for Forbearance to the following:

Jane Jackson
Chief Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, DC 20554

International Transcription Services
1231 20th Street, N.W.
Washington, DC 20036

Jeffrey A. Brueggeman
US WEST Communications, Inc.
1020 19th Street, N.W., Suite 700
Washington, DC 20036

James W. Hedlund
Sprint Corporation
1850 M Street, N.W.
Washington, DC 20036

Michael S. Pabian
Ameritech
2000 West Ameritech Center Drive, Room 4H82
Hoffman Estates, IL 60196-1025

Alan Buzacott
MCI WorldCom, Inc.
1801 Pennsylvania Avenue, N.W.
Washington, DC 20006

Linda L. Kent
United States Telephone Association
1401 H Street, N.W., Suite 600
Washington, DC 20005

Robert J. Aamoth
Kelley, Drye & Warren LLP
1200 19th Street, N.W., Fifth Floor
Washington, DC 20036

Thomas A. Padjia
SBC Communications Inc.
One Bell Plaza, Room 3003
Dallas, TX 75202

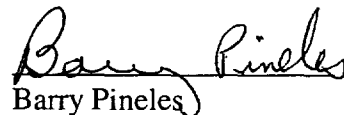
Jeffrey E. Rummel
Richard S. Becker & Assocs., Chtd
1915 Eye Street, N.W., 8th Floor
Washington, DC 20006

Richard M. Sbaratta
BellSouth Telecommunications, Inc.
1155 Peachtree N.E., Suite 1700
Atlanta, GA 30309-3610

J. Manning Lee
AT&T Corp.
295 North Maple Avenue, Room 3245H1
Basking Ridge, NJ 07290

Linda L. Oliver
Hogan & Hartson, L.L.P.
Columbia Square
555 Thirteenth Street, N.W.
Washington, DC 20004

John F. Raposa
GTE Service Corporation
600 Hidden Ridge, HQE03J27
Irving, TX 75038


Barry Pineles